RV Business

AUGUST 6, 1990

TL E1 20814 069100 STA BRD
*C 9007 958 **
JEANNE LONG **
ACQ EDITOR
CONGRESSIONAL INFORMATION SV
4?? EAST WEST HWY 800
BETHESDA MD 20814

Midwest Show Sees Shift to Lower Prices

This year's Midwest Manufactured Housing & RV Show in South Bend, Ind., features a bevy of 1991-model introductions aimed at lower price points.

There is no disputing the success of such lower-priced trendsetters as the 1990 Flair Class A from Fleetwood Enterprises Inc., Riverside, Calif., which already had seized almost 3% of the Class A market by the end of 1989; or the Classic travel trailers of Goshen, Ind.-based Dutchmen Manufacturing Inc., which grew at a phenomenal 345% rate in the first quarter of this year.

Now a wide range of RV makers seem to be moving toward lower-priced motorized and towable lines for 1991.

But is the new interest in price-sensitive products just a temporary reaction to a flat market or a long-term trend?

The leading motorized-and-towable manufacturer in the industry, Fleetwood Enterprises, certainly believes the trend toward lower-priced lines is permanent. "Even with all the 'baby boomers' coming in (to their peak RV-buying years), we will have to be sensitive to price," declared Jim Sheldon, director of marketing for the Fleetwood RV Group. "There is a certain amount of sticker shock because the amount of household discretionary income has declined, and manufacturers have added amenities the buyers don't really want."

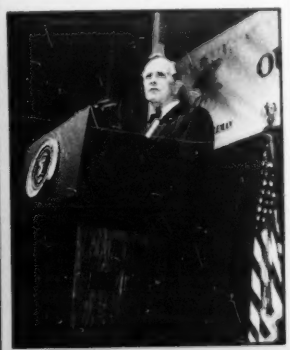
Sheldon said he believes the proportion of towable units selling at the low end of the price spectrum could grow to almost 40% of the towable market in the 1990s, up from the current 25%-30% market share. The demand for low-end motorhomes also should increase over the long term, particularly the demand for lower-priced Class C's, he added. The popularity of economical RV products "is not a temporary phenomenon," Sheldon concluded.

Officials at Jayco Inc., Middlebury, Ind., agreed that long-term trends favor less-expensive lines—but only in the case of travel trailers and folding camping trailers.

"In fold-downs and travel trailers, the proportion of low-end unit sales will increase, but that won't happen for fifth-wheels or motorized units," opined Jayco Sales Manager Chuck McKinney. Since the buyers of fifth-wheels and motorized-RVs tend to live in their

continued on page 10

A NEW PRICE-CONSCIOUSNESS IN SOUTH BEND: Today's competitive market seems to favor lower-priced units, as seen in the new models unveiled at the Midwest Manufactured Housing & RV Show.



Bush Receives Outdoors Award

See Page 7

7 ARC Honors Bush With 1990 Outdoors Award

7 Fleetwood Debuts Avion Trailers

8 GMC Changes RV-Inventory Finance Plan

8 Winnebago Names Dohrmann As New COO

9 RVIA Votes on Budget, Calif. Licensing Issue

9 Northeast Dealers Struggle With Sales Dip

12 CDC Unveils Cutaway Chassis

12 Winnebago Drops Van Plants in Delaware, Texas

13 Holiday RV Proceeds With Chassis Imports

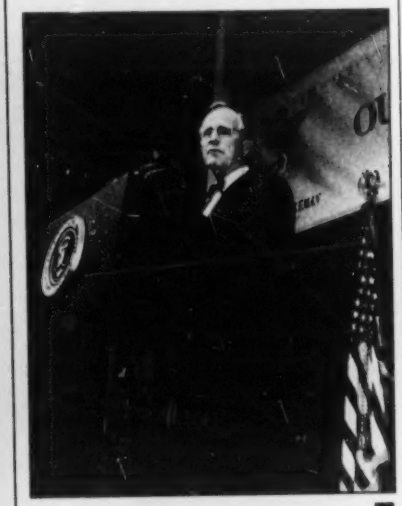
13 Thor Upgrades Citation, Corsair

14 RC Industries Halts High-Line Fiver Output

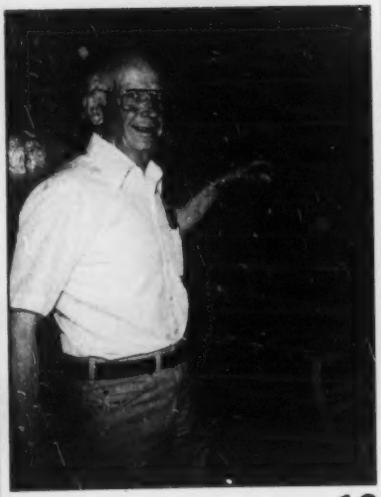
14 Transnom Files Chapter 11

RV BUSINESS

VOLUME 41, NUMBER 9 | AUGUST 6, 1990 | TWO DOLLARS



7



16

COVER PHOTO: SOUTH BEND CHAMBER OF COMMERCE

NEWS AND TRENDS

Industry News ____ 7

RV People ____ 16

DAB Perspective ____ 17

FEATURES

South Bend Show Guide ____ 19

This overview of the 36th Annual Midwest Manufactured Housing & RV Show in South Bend, Ind., should help attendees plan their show-going strategies. Included are floorplans, exhibitor lists, a calendar of events and a guide to local restaurants with a handy locator map.

Educating Retailers ____ 26

Most retailers can prosper when sales are strong, but it's the truly savvy dealer who can turn the current weak market to his advantage. That's why many successful dealers are turning to management seminars and consultants for help in rethinking their game plans.

Handling Recalls ____ 34

Dealers describe their systems for handling manufacturers' product recalls, highlighting both problems—such as poor manufacturer-dealer communications and flat-rate reimbursement—and opportunities to generate sales and customers.

DEPARTMENTS

Dealer Concept ____ 43

Service ____ 46

Marketing ____ 49

Legal ____ 53

In Brief ____ 59

Profitmakers ____ 63

Index to Advertisers ____ 65

Calendar ____ 66

Classified Advertising ____ 71

Readers' Forum ____ 72

Commentary ____ 74

RV Business (ISSN 0744-9569, USPS 920-340) is copyrighted 1990 by TL Enterprises Inc. in the United States, Canada, Great Britain and other countries. All rights reserved. Permission to reprint or quote excerpts granted only upon written request. Second-class postage paid at Agoura, Calif. 91301, and additional entry points. POSTMASTER: Send address changes to *RV Business*, PO Box 17126, North Hollywood, Calif. 91615-7126. Address all correspondence and editorial material to the Agoura, Calif., office. *RV Business* is published semimonthly. Subscription rates: U.S. and Canada, $48 a year; $96 for two years. Foreign subscriptions, $96 a year. Single copies are $2 for regular issues and $9.95 for the directory issue. Advertising rates are provided on request. *RV Business* is published by TL Enterprises Inc., 29901 Agoura Road, Agoura, Calif. 91301, which also publishes *Trailer Life*, *MotorHome*, *Rider*, *Trailer Life's Annual RV Buyer's Guide*, *Trailer Life's Campground & RV Services Directory* and *Highways* for the Good Sam Club. TLE's Book Division currently has 10 books in print.

THE MONTH OF MAY HIT A HIGH NOTE

GAYLORD MAXWELL

May was the best month of the year-to-date for the Dealer Advisory Board (DAB).

Total sales volume for the 23 members was up from May 1989—a first for the five-month period of 1990. Fifteen DAB members were up in total sales, while only eight were down.

New-unit sales were higher, too, and although the increase was not large, it was the first "win" in that category in five months. Three new-unit categories (all three towable types) were on the plus side. Two used-unit categories (motorhomes and travel trailers) were up. About half of the members reported that both grosses and bottom lines were good or excellent.

Year-to-date, the picture wasn't as good. Sales volume was still down compared with the first five months of last year, and 13 DAB members also were off the pace in terms of dollars taken in. Unit sales, both new and used, still lagged 1989; although, fortunately, they did not trail by so much that the picture couldn't change if sales improve in the weeks to come.

The size of the dealership didn't appear to have any bearing on business in May compared with the same month last year. However, in a year-to-date comparison, it seemed that the big dealerships were hurting more than the smaller ones. In fact, some of the smaller dealerships have made excellent recoveries from 1989.

DAB members reported that their inventories were generally in healthy shape in May. Only a few said they had more new units than they normally would have. One problem with used merchandise was that it was in short supply in some instances. Lot traffic was rated as being a bit on the low side, and new buyers apparently were scarce during the month.

But one definitely positive sign was that overall grosses were rated by nearly everyone as good or excellent. Bottom lines, too, got high marks. Hopefully, May signaled the beginning of a turnaround.

Motorhomes

There was some improvement in motorhome sales in May, but sales of that type were still hurting badly. New units were off by less than they had been in previous months, but they were still behind the pace of May of last year. However, used units jumped into the plus column, indicating that the prices of new units may be forcing more people into used purchases.

Only five of the 17 DAB members reported that motorized new-unit sales in May were up from May 1989. Two of those were small- to medium-size dealerships that were up by only a couple of units. The big specialists were about evenly distributed between those who reported increases and those who had declines. In terms of grosses, motorhomes received relatively high marks—with mostly good ratings, but some excellent grades as well.

For the year-to-date, 13 members of the DAB said new-motorhome sales were behind last year's pace, and some were down drastically. So, in spite of the relatively good news on the retail scene overall, it is unlikely that motorhome sales will make any significant turnaround this year. Speculation about the reasons for the downturn would have to include high prices and high interest rates. With many units now priced above $100,000, including the so-called medium-priced and even low-end brands, sticker shock is taking its toll.

Travel Trailers

Trailer dealers haven't had it so good in many years. Fifteen of the 20 DAB members who stock that type reported that new-unit sales were up over May of last year. (Three of the remaining five were down but only by one or two units.) Used-unit sales were in the plus column, making travel trailers the only RV type to get plusses in both new and used categories. Trailer grosses generally were rated as good, although there were an equal number of fair and excellent ratings.

Year-to-date, new trailers were running at a very, very healthy 22% clip ahead of last year's record. Used sales weren't as good, but they weren't bad either.

Why the sudden leap in trailer sales? Perhaps the primary reason was that people

The "DAB Perspective" is a compilation of data provided by *RV Business*' Dealer Advisory Board, a group comprised of 23 dealers representing a cross section of the U.S. dealer body.

Gaylord Maxwell, chairman; **Dave Altman,** Baldwin Park, Calif.; **Bob Azevedo,** Sunnyvale, Calif.; **Jack Cole,** Pacoima, Calif.; **David McMann,** Victor, N.Y.; **Crosby Forrest,** Newport News, Va.; **Dan Gamsi,** Fresno, Calif.; **Jerry Greer,** Columbus, Ohio; **Jerry Harrison,** Waco, Texas; **Robert Jensen,** Layton, Utah; **Johnny Ketelsen,** Marion, Iowa; **Newton Kindlund,** Orlando, Fla.; **Roger Kirschner,** Salem, Ore.; **Ozzie Lenhard,** Sayville, N.Y.; **Larry McClain,** Oklahoma City, Okla.; **Delores McNally,** Portland, Ore.; **Annette Miller,** Fayetteville, N.C.; **Jack Moran,** Warwick, R.I.; **Wayne Peay,** Albuquerque, N.M.; **Tom Schaeffer,** Shoemakersville, Pa.; **Mel Shipp,** Chattanooga, Tenn.; **Jack Sizemore,** Amarillo, Texas; **Bill Thomas,** Bridgeton, Mo.; **Randy Thompson,** Crystal Lake, Ill.

This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

	NEW UNITS						USED UNITS					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
MOTORHOMES	151	168	−10	699	840	−17	198	181	+ 9	806	874	− 8
TRUCK CAMPERS	42	44	− 5	142	165	−14	10	18	−44	87	78	+12
FIFTH-WHEELS	63	48	+29	266	221	+19	30	36	−17	132	134	− 1

	FOR MONTH			YEAR-TO-DATE		
	MAY 1990	MAY 1989	% CHANGE	1990	1989	% CHANGE
TOTAL UNIT SALES	992	973	+ 2	4,007	4,106	−2
USED-UNIT SALES	419	455	− 8	1,705	1,782	−4

1991 FLORIDA RV SUPERSHOW

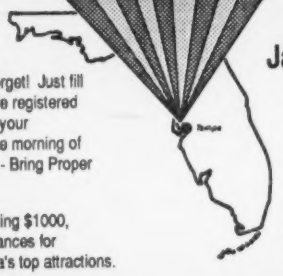
Go Camping Florida!

FLORIDA RV TRADE ASSOCIATION

DEALERS:

• Join us for "RV Industry Day" January 16, 1991 and attend a Dealer Party that you'll never forget! Just fill out the coupon below and you're registered for "RV Industry Day." Pick up your credentials at the EXPO Hall the morning of Wednesday, January 16, 1991 - Bring Proper Identification.

• There will be cash prizes totaling $1000, entertainment and plenty of chances for complimentary tickets to Florida's top attractions.



January 16-20, 1991
Tampa, Florida

Exclusive
RV Industry Day
January 16, 1991

ONE WEEK BEFORE SUPERBOWL XXV IN TAMPA STADIUM
SEE OUR BOOTH DURING THE SOUTH BEND SHOW

☐ **YES!** I want to take part in RV Industry Day at the RV SUPERSHOW!

NAME:_____
ADDRESS:_____
CITY:_____ STATE:_____ ZIP:_____
BUSINESS NAME:_____

Please return as soon as possible to:
Florida RV Trade Association–401 N. Parsons Ave., Ste. 107
Brandon, FL 33510 • (813) 684-7878 • FAX (813) 653-0211

RVB8-1

Kropf

Emblem of Excellence Since 1946

You can spend a lot of time shopping for a new unit . . . but you won't find better values than Kropf travel trailers and fifth wheels.

For more than forty years, Kropf has been producing top quality products that bring you all the comforts of home.

So if you're shopping for a new travel trailer or fifth wheel . . . shop for the best. Kropf.

Kropf

58647 SR 15, P.O. Box 30,
Goshen, IN 46526, (219) 533-2171

DAB *continued*

were opting for prices that were lower than those for motorhomes. Also, trailers have advantages in terms of maintenance and operating costs. Certainly, there was a relationship between the drop in motorized and the increase in towables.

Truck Campers

The drop from May 1989 wasn't large (a mere two units), but this type had been down all year in new-unit sales. Five of our DAB members stock campers, and only one reported an increase for the month (he was up by one unit). According to our largest dealership for this type, supplies of good used units were short. Profits were rated all the way from poor to excellent.

Year-to-date, only one of the five truck-camper dealers was up over the first five months of 1989. There are dealers who are making money on campers; however, the average dealer who "tries a couple" hasn't been doing well with truck campers.

Folding Camping Trailers

For the first time in 1990, monthly sales of new units edged into the plus column. The increase over May of 1989 didn't put folding trailers much ahead of last year, but it was an improvement. Seven out of the 15 DAB members who sell fold-downs reported an increase in new units. Grosses were quite mixed—with equal ratings in every category from poor to excellent. Used sales didn't do as well in May.

Year-to-date, new-unit sales were still down a bit, but most of the larger dealerships for this type were nudging last year's numbers. Although the numbers weren't nearly as large, camping-trailer prices have created "sticker shock," too. The much younger people who look at this RV type must be appalled to see most prices in the $5,000-plus range.

Fifth-wheels

Sales of this type had been good through the first four months of 1990, but they were even better in May: Fivers were up 29% in new-unit sales over the same month of 1989. Most dealers who had reasonably good inventories of this type did well. However, used sales were off in May, as they previously had been for most of 1990. Grosses were said to be good or excellent.

For the year-to-date, new units were up significantly from 1989, while used sales tagged along a bit behind. It seems that the fiver business has been neither terrific nor terrible; it has just plugged along at a sure but modest pace. Since buyers are generally older retirees, and there are lots of them, we can expect this market to continue much as it has. Δ